

April 30, 1973

(Start of Belt #11)

companion bill as recommended by the Governor in 578.

SENATOR MARVEL: Yes, we will have to dig up the money some place else which means if we reduce taxes, then we will have to turn around and increase them again.

SENATOR FRANK LEWIS: Would it be a fair statement that we are going to have to be trying to find in the neighborhood of, at least, thirty-five to forty million dollars next fiscal year if we make these reductions this year.

SENATOR MARVEL: Well, I wouldn't want to answer your question directly but I think it would be close to that. I wouldn't want to be held to that without taking another look at the figures, but I think the point that you are making is that if we make the reductions as suggested, I don't want to prejudge these bills, then we are going to have to turn around and dig up money next time, that is what you are actually saying.

SENATOR LEWIS: In other words, the budget will have to be reduced from the level it is now or we are going to have to come up with additional money.

SENATOR MARVEL: If we pass some of the revenue sharing bills that are suggested.

SENATOR LEWIS: All right. Then, the second question that I would ask, if we are so interested in a tax cut, I think that to make it effective now would even be much greater than making it effective in January 1, '74. Is it possible to make an income tax retroactive?

SENATOR MARVEL: Senator Warner, do you want to answer the question? Is that satisfactory to you, Senator Lewis?

SENATOR LEWIS: Surely.

SPEAKER: Senator Warner, would you yield?

SENATOR WARNER: Mr. President, the answer is "yes", Senator Lewis, and the amendment to do just that is on the desk as of January 1, 1973.

SENATOR LEWIS: So, in other words, in that case, we would not be going in with a surplus but certainly would expend...it would cost more than the 8.7 million dollars we referred to earlier. In other words, we would put this more on a calendar bases to pay as we go for tax reductions rather than to amortize it over two or three years.

SENATOR WARNER: I don't know how much leeway your question has in mind for me to provide an answer.

SENATOR LEWIS: I'm liberal.

SENATOR WARNER: Then, just that thought. I agree with those who have expressed the concern that any reduction in taxes in January, the impact is, obviously, sometime late '74 or '75 that we have to reckon with. The reason the amendment is up there to reduce the income tax for the current year is that, apparently, the taxpayer has been overcharged this year in terms of income tax and for a number of reasons. It seemed to me that it was more appropriate to make the reduction at the time, the times that the taxes has been collected too high than at sometime in the future when we do not know what the economy may or may not be at that time. It's true